COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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BOSTON GAS COMPANY d/b/a KEYSPAN	)	**D.T.E. 03-40**
ENERGY DELIVERY NEW ENGLAND	)	

DIVISION OF ENERGY RESOURCES' FIRST SET OF INFORMATION REQUESTS

Instructions

DOER requests that Boston Gas Company ("Boston Gas" or the "Company") submit complete and detailed responses to all Requests and include with such responses all relevant documentation.[1]

Please provide each response on a separate, three-hole punch page with the following:

1. A reference to the D.T.E. docket number;
2. A recitation of the Request , including the information request identification/reference number; e.g. DOER 1-1), and;
3. The identification and business title and address of the person responding to the Request.

In order to expedite the review of the responses, please provide the responses as they are completed. Please do not wait for the completion of all responses.

DOER also requests that the Company provide supplemental responses to these Requests if the Company develops or obtains additional information within the scope of said Requests subsequent to the provision of the initial responses and prior to the close of the record in DTE 03-40.

If any of these Requests are ambiguous or need clarification in any way, please notify George Simmons, Division of Energy Resources, at 617-727-4732 ext. 130 in order to clarify the Request(s) prior to the preparing the response.

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[1] "Documentation" includes, but is not limited to, writings, drawings, graphs, charts, photographs, phono-records, and other data compilations from which information can be obtained, translated, if necessary, by Bay State, through detection devices, into reasonably useable form.

Information Requests

DOER 1 – 1: Please provide, broken out by year, the total percentage and dollar increase in base rates resulting from implementation of the Company's previous PBR Plan commencing with D.P.U. 96 – 50 through December 31, 2002.

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DOER 1 – 2: With regard to the earnings sharing mechanism described on page 26 of Exh. KEDNE/JFB-1, the Company states that sharing will result if "actual" year-end return on common equity is below or above the authorized return. Please describe, including all calculations and work papers, the adjustments made to year-end accounts in determining the actual ROE.

DOER 1 – 3: Page 26 of Exh. KEDNE/JFB-1, lines 17 – 21, state as follows:

Q. Is the Company proposing to maintain the pricing flexibility allowed under the first term of the PBR Plan?

A. Yes. In D.P.U. 96-50, the Department allowed the Company to allocate the price cap increase or decrease within a class at its discretion, as long as each rate component increases by no more than the rate of inflation.

Please explain and reconcile this statement with the inflation-plus formula of the Company's proposed PBR Plan.

DOER 1 – 4: At page 36 of Exh. KEDNE/JFB-1, lines 11 – 14, the Company states: "However, the volatility in gas prices experienced in the past three years and the cold weather of this past winter has had a significant effect on our customers, and therefore, the Company has come under increasing pressure to mitigate the impact of these factors for customers."

With regard to this statement, please explain the effect of hedging gas supply on price volatility, including in your response:

a. a description of all supply price hedging activities engaged in by the Company during the test year, distinguishing between physical and financial hedges; and
b. a description of physical and/or financial hedges that the Company chose not to implement during the test year and an explanation of the Company's choice to not implement such hedges.

DOER 1 – 5: From in January 1997 through December 31, 2002, broken out on a monthly basis, please determine, by applying the proposed WNC, each month in which there would have been a weather normalization clause adjustment, distinguishing between colder than normal and warmer than normal.

DOER 1 – 6: Please provide all comments submitted to the Federal Energy Regulatory Commission by: (1) the Company and (2) by groups (e.g. industry or customer groups) in which the Company was a member relative to the proceeding(s) resulting in an agreement to phase out the GTI surcharge of 1.74 cents then being collected in pipeline rates by 2003, as set forth at page 53, lines 10 – 11, of Exh. KEDNE/JFB-1.

DOER 1 – 7: Exh. KEDNE/LRK-2, page 8 states that the TFP trend calculations were based on high quality data collected from 16 Northeastern gas distributors. Please identify any other Northeastern distributors from which similar, high quality data could have been gathered, but were not included in the data pool for the study.

DOER 1 – 8: Please provide a breakdown, by account and sub-account, including all calculations and work papers, of the Gas Acquisition and Production and Storage costs recovered through the CGA, as set forth in Exh. KED/AEL-4.

DOER 1 – 9:: Exh. KED/AEL-1, at page 22, lines 5 – 6, states that, “ [t]he Company proposes to move $ 483,947 relating to gas acquisition costs from base rates to the CGA. The Company identified those costs related to gas supply functions based upon employee time records.” Please provide the job titles and descriptions of those employees whose time records are referenced in this statement.

DOER 1 – 10: Please reconcile the cost differences for the two operating expense identified in Exh. KEDNE/PJM-1 at page 21 and in Exh. KEDNE/AEL-4 at page 1.

June 6, 2003